

COATES ENERGY TRUST

ENERGY PLAZA II, SUITE 510

8610 N. NEW BRAUNFELS

SAN ANTONIO, TEXAS 78217

November 27, 1996

(210) 820-0113  
FAX (210) 820-0160

P. O. BOX 171717

CHIEF CLERK'S OFFICE

VIA CERTIFIED MAIL: P 392 536 093

Texas Natural Resource Conservation Commission  
Chief Clerk's Office  
MC 105, TNRCC  
P. O. Box 13087  
Austin, TX 78711-3087

RE: Application of URI, Inc. for a Class III Underground  
Injections Control Permit (Permit No. UR03050-001)  
841.66 acres on the North side of Highway 359, ten miles  
South-Southeast of Bruni and 50 miles East of Laredo,  
Duval County, Texas

Gentlemen:

This letter serves as the written request for a public hearing with the Commissioners of the Texas Natural Resource Conservation Commission with respect to the captioned application by URI, Inc. for authorization of in situ uranium mining, by Coates Energy Trust, et al, ("Coates"). A title dispute exists over minerals located within the permit site in which Coates owns a 25% interest. Attached is a copy of a January 3, 1934 Mineral Deed and Royalty Transfer, recorded in Volume 18, Page 366 of the Official Records of Duval County, Texas, describing our mineral ownership. Coates would be adversely affected by the granting of this permit to URI, Inc. to mine its unleased minerals. Additionally, Coates is concerned with URI, Inc.'s ability to mine and manage these minerals in a reasonably prudent manner. Accordingly, we request the permit not be granted.

Thank you for your attention to this matter, and please advise if you require any additional information.

Yours very truly,

COATES ENERGY TRUST

By:   
Barry Coates Roberts, Trustee

By:   
George L. Stieren, Trustee

LEIGH TALIAFERRO

TO

GEORGE H. COATES

MINERAL DEED

DATED: January 3, 1934

FILED: May 13, 1934 at 9:00 A.M.

RECORDED: Vol. 18, Page 366

O.L. RECORDS, DUVAL COUNTY, TEXAS

MINERAL DEED AND ROYALTY TRANSFER.

THE STATE OF OKLAHOMA,)

COUNTY OF KAY.

)KNOW ALL MEN BY THESE PRESENTS: That Leigh Taliaferro, of Kay County,

State of Oklahoma, hereinafter called grantor (whether one or more and referred to in the singular number and masculine gender), for and in consideration of the sum of Ten Dollars, paid by Geo. H. Coates, PO Box 32, Abilene, Texas, hereinafter called grantee, the receipt of which is hereby acknowledged, has granted, sold and conveyed and by these presents does grant, sell and convey unto said grantee an undivided one-fourth interest in and to all of the oil, gas and other minerals of every kind and character in, on or under that certain tract or parcel of land situated in the County of Duval State of Texas, and described as follows:

1. One thousand twenty four and 98/100 acres being all of Shares Nos. One (1), Three (3), and Four (4), containing three hundred forty one and 66/100 acres of land each, of a certain partition deed between the owners of that certain 3075 acres of land, being a part of original Share No. 2, of the partition of Santa Maria de los Angeles de Abajo Grant, also known as El Mesquite Grant, originally granted by the State of Tamaulipas, Mexico, to Trinidad Vela and Patented by the State of Texas to said Trinidad Vela December 2, 1879, reference being made to Deed Record 24, pages 15 to 19, Deed Records of Duval County, for a more definite description of this acreage.

2. A part of Share No. 5 of a certain partition deed between the owners of that certain 3075 acres of land, being a part of the original Share No. 2 of a partition of the Santa Maria de los Angeles de Abajo Grant, also known as the El Mesquite Grant, originally granted by the State of Tamaulipas, Mexico, to Trinidad Vela and patented by the State of Texas to the said Trinidad Vela, December 2, 1879 and reference is hereby made to Vol. 24, pages 15 to 19, Deed Records of Duval County, Texas, for a more complete description of said tract and partition, the minerals herein conveyed being 1000 acres out of Share No. 5 which contains 1708.33 acres, described by metes and bounds as follows:

Beginning at a stake, the SW corner of Share No. 2, of this partition for the lower S.E. corner; Thence North with the west line of said Share No. 2, 1016 vrs. to the N.W. corner stake of said Share No. 2 for an inner corner; Thence East, with the North line of the said Share No. 2, 596 vrs. to a stake, the S.W. corner of Share No. 3, for the upper S.E. corner; Thence North 1083 vrs. to a stake, the S.E. corner of Share No. 4, for the N.E. corner; Thence West 1946 vrs. to a stake, the S.W. corner of Share No. 4, for an inner corner; Thence North 452 vrs. to the corner of a fence, a corner of Share 4, for an inner corner; Thence North 452 vrs. to the corner of a fence, a corner of Share No. 4, for a corner. Thence N 45 deg. W 886 vrs. to the corner of a fence for a corner; Thence S 45 deg. West 3732.8 vrs. to the corner of a fence for a corner; Thence S 45 deg. E. 876.6 vrs. to a large rock and corner of a fence for the S.W. corner; Thence east 3714.34 vrs.

to the place of beginning to contain 1708.33 acres. Except 708.33 acres which 708.33 acres which ~~708.33 acres~~ shall lie north of the south 200 acres of the above described 1708.33 acre tract, said 200 acres now being under lease to Sun Oil Company, the aforesaid excepted 708.33 acres tract to be bounded on the west side by the west line of the above described 1708.33 acre tract and on the east side by a straight North and South line a sufficient distance from the aforesaid west line so as to enclose exactly 708.33 acres, it being the intention to convey a one half mineral interest under exactly 1000 acres to-wit: the South 200 acres; and the East 800 acres of the North 1507.33 acres of the above described 1708.33 acre tract.

The parties however intend this deed to include and the same is hereby made to cover and include not only the above described land, but also any and all other land and interest in land owned or claimed by the Grantor in said survey or surveys in which the above described land is situated or in adjoining surveys and adjoining the above described land. Should the foregoing particular description for any reason prove incorrect or inadequate to cover the land intended to be conveyed as above specified, grantor agrees to execute such instrument or instruments that may be necessary to correct such particular description.

TO HAVE AND TO HOLD the said undivided interest in all of the said oil, gas and other minerals in, on and under said land, together with all and singular the rights and appurtenances thereto in any wise belonging, with the right of ingress and egress and possession at all times for the purpose of mining, drilling and operating for said minerals and the maintenance of facilities and means necessary or convenient for producing, treating and transporting such minerals, and for housing and boarding employees, unto said grantee, his heirs, successors and assigns, forever; and grantor herein for himself and his heirs, executors and administrators hereby agrees to warrant and forever defend all and singular the said interest in said minerals unto the said grantee, his heirs, successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.

This conveyance is made subject to any valid and subsisting oil, gas or other minerals lease or leases on said land, including also any mineral lease, if any, heretofore made or being contemporaneously made from grantor to grantee; but, for the same consideration hereinabove mentioned, grantor has sold, transferred, assigned and conveyed and by these presents does sell, transfer, assign and convey unto grantee, his heirs, successors and assigns, the same undivided interest (as the undivided interest hereinabove conveyed in the oil, gas and other minerals in said land), all the rights, rentals, royalties and other benefits accruing or to accrue under said lease or leases from the above described land; to have and to hold unto grantee, his heirs, successors and assigns.

Witness the signature of the grantor this 3rd day of January, 1934.

(-3-50% DRG & EWO 3/1/34.)

Leigh Taliaferro.,



THE STATE OF OKLAHOMA,  
COUNTY OF Kay.

BEFORE ME, the undersigned authority, on this day personally appeared Leigh Talliaferro, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(L.S.) Given under my hand and seal of office, this the 3rd day of February, A.D. 1934.

Thelma Evers,  
Notary Public, ..... State of Oklahoma.

My commission expires May 6, 1935.

THE STATE OF TEXAS,  
COUNTY OF DUVAL.

I, J.O. Trevino, County Clerk in and for the aforesaid County and State, do hereby certify that the foregoing instrument of writing was filed for record May 13, 1934, at 9: o'clock A.M., and duly recorded June 20, 1934, at 4:30 o'clock P.M., in book "18" pages 366-367 O.L. Records.

(L.S.) Given under my hand and seal of office, this 20 day of June, 1934.

J.O. Trevino., Clerk County Court, Duval County, Texas.

By A. Garcia Jr., Deputy.

MINERAL DEED AND ROYALTY TRANSFER. LEIGH TALLIAFERRO TO GEO.H. COATES. FILED FOR RECORD THIS 13th day of May A.D. 1934, at 9: o'clock A.M. J.O. Trevino, Clerk of the County Court Duval County, Texas. By A. Garcia Jr., Deputy.